

**21ST ANNUAL REPORT OF THE BOARD OF  
TRUSTEES OF THE FEDERAL OLD-AGE AND  
SURVIVORS INSURANCE TRUST FUND AND  
THE FEDERAL DISABILITY INSURANCE  
TRUST FUND**

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**LETTER**

**FROM**

**BOARD OF TRUSTEES OF THE FEDERAL  
OLD-AGE AND SURVIVORS INSURANCE AND  
DISABILITY INSURANCE TRUST FUNDS**

**TRANSMITTING**

**THE 21ST ANNUAL REPORT OF THE BOARD OF TRUSTEES  
OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE  
TRUST FUND AND THE FEDERAL DISABILITY INSURANCE  
TRUST FUND, PURSUANT TO SECTION 201(c) OF THE  
SOCIAL SECURITY ACT, AS AMENDED**



**JANUARY 18, 1961.—Referred to the Committee on Ways and Means  
and ordered to be printed**

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## LETTER OF TRANSMITTAL

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BOARD OF TRUSTEES OF THE FEDERAL  
OLD-AGE AND SURVIVORS INSURANCE AND  
DISABILITY INSURANCE TRUST FUNDS,  
*January 17, 1961, Washington, D.C.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,  
*Washington, D.C.*

SIR: We have the honor to transmit to you the 21st Annual Report of the Board of Trustees of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund, in compliance with the provisions of section 201(c) of the Social Security Act, as amended.

Respectfully,

ROBERT B. ANDERSON,  
*Secretary of the Treasury, and  
Managing Trustee of the Trust Funds.*

JAMES P. MITCHELL,  
*Secretary of Labor.*

ARTHUR S. FLEMMING,  
*Secretary of Health, Education, and Welfare.*

W. L. MITCHELL,  
*Commissioner of Social Security  
and Secretary, Board of Trustees.*

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# TWENTY-FIRST ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND

Fiscal year ending June 30, 1960

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## THE BOARD OF TRUSTEES

The Federal old-age and survivors insurance trust fund, established on January 1, 1940, and the Federal disability insurance trust fund, established on August 1, 1956, are held by the Board of Trustees under the authority of section 201(c) of the Social Security Act, as amended. The Board is comprised of three members who serve in an ex officio capacity. The members of the Board are the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare. The Secretary of the Treasury is designated by law as the managing trustee. The Commissioner of Social Security is secretary of the Board.

## FISCAL YEAR HIGHLIGHTS

Total receipts of the old-age and survivors insurance trust fund in fiscal year 1960 amounted to \$10,359 million, or about 28 percent more than in fiscal year 1959. Total disbursements of \$11,072 million were about 18 percent greater than the disbursements made in the preceding fiscal year. The excess of total outgo over total income, amounting to \$713 million, lowered the total assets of the old-age and survivors insurance trust fund from \$21,541 million on June 30, 1959, to \$20,829 million on June 30, 1960.

Disbursements consisted of \$10,270 million for benefit payments, \$202 million for administrative expenses, and \$600 million—including \$17 million in interest—in transfers to the railroad retirement account. (The disbursement total, like the income total, does not include \$79 million in refunds for overpayments of employee contributions.) The total number of old-age and survivors insurance beneficiaries at the end of the fiscal year was 13,740,000, or about 7 percent more than in June 1959. Retirement beneficiaries numbered 10,297,000, and survivor beneficiaries numbered 3,443,000 in June 1960. The estimated number of persons with taxable earnings under the old-age, survivors, and disability insurance program in calendar year 1959 was about 73 million.

The income of the old-age and survivors insurance trust fund in fiscal year 1960 consisted of \$9,843 million in tax contributions and \$516 million in interest on investments. The 30-percent increase in contribution income was associated with increases in contribution

rates and in maximum taxable earnings that were effective during part or all of the fiscal year 1960. On January 1, 1960, in accordance with the schedule of rates set forth in the Social Security Act, the contribution rate for employees and employers was increased from 2½ percent of taxable earnings to 3 percent each, and the rate for the self-employed was increased from 3¾ percent to 4½ percent. These increases were, of course, effective for only half the fiscal year 1960. The maximum annual amount of earnings taxable and creditable toward benefits was \$4,800 during the entire fiscal year, having been increased from \$4,200 on January 1, 1959.

Shortly after the close of fiscal year 1960, Congress amended the Social Security Act in several ways affecting the management of trust fund investments. The most noteworthy amendment in this regard stipulates that the interest rate on public-debt obligations issued for purchase by the trust funds shall be approximately equivalent to the average market yield of all marketable obligations of the United States that are not due or callable for 4 or more years from the time at which the obligations are issued for purchase by the trust funds. This provision puts into effect the substance of a recommendation that was made by the 1958 Advisory Council on Social Security Financing and that was substantially supported by the Board of Trustees. Current actuarial cost estimates indicate that this change will, over the long run, provide additional income to the trust funds equivalent to 0.02 percent of payroll on a level-premium basis.

Estimates for the 5 fiscal years 1961-65 show continued increases in both the receipts and the disbursements of the old-age and survivors insurance trust fund. The estimates indicate that total income of the fund will exceed its total outgo over the period of the 5 fiscal years 1961-65. According to these estimates, at the end of fiscal year 1965 the trust fund will amount to \$24.0 billion, with income of \$15.8 billion and outgo of \$14.2 billion in that fiscal year.

Medium-range (15-year) estimates based on assumed increasing trends in earnings of covered workers, presented for the first time in this report, also show continued increases in receipts and disbursements. According to these estimates, at the end of calendar year 1975, the old-age and survivors insurance trust fund will amount to \$84.8 billion.

Long-range cost estimates for the old-age and survivors insurance program, as amended in 1960, indicate that the program is in approximate actuarial balance. The level-premium cost of the benefit payments and administrative expenses, at 3.02 percent interest, ranges from 7.40 to 9.65 percent of payroll, depending on the combination of cost assumptions selected. On the basis of intermediate-cost assumptions, such level-premium cost is 8.42 percent of payroll as compared with the level-premium equivalent of the contributions of 8.18 percent of payroll.

Total disbursements of the disability insurance trust fund in fiscal year 1960 were 1½ times as large as in fiscal year 1959, but they amounted to only about half of the 1960 income of the fund. Disbursements totaled \$561 million—\$528 million for benefit payments and \$33 million for administrative expenses and interest. Income totaled \$1,062 million—\$987 million in net contributions (after deduction of \$10 million in refunds), \$48 million in interest on investments, and a transfer with interest of \$27 million from the railroad retirement

account. The total income of the disability insurance trust fund thus exceeded total disbursements by \$501 million, and this amount brought the total assets of the fund to \$2,167 million on June 30, 1960.

Estimates of the expected operations of the disability insurance trust fund during the five fiscal years 1961-65 show that this fund at the end of fiscal year 1965 will amount to \$2.8 billion, with receipts of \$1.2 billion and disbursements of \$1.2 billion in that fiscal year.

The medium-range (15-year) estimates for the disability insurance program show that the trust fund at the end of calendar year 1975 will amount to \$4.7 billion. The long-range cost estimates show that the level-premium cost of the benefit payments and administrative expenses, at 3.02 percent interest, ranges from 0.42 to 0.73 percent of payroll, depending on the combination of assumptions used. On the basis of intermediate-cost assumptions, such level-premium cost is 0.56 percent of payroll, as compared with the level premium equivalent of the contributions of 0.50 percent of payroll.

#### SOCIAL SECURITY AMENDMENTS OF 1960

The 1960 amendments to the Social Security Act and related sections of the Internal Revenue Code (Public Law 86-778, approved September 13, 1960) will have effect on both the immediate and long-range future levels of income and disbursement of the system. The disability insurance part of the program was expanded considerably. The insured-status provisions were liberalized. The retirement test was made more liberal, flexible, and equitable. Benefits to children of deceased workers were increased in some cases. The basis for determining the interest rate on trust fund investments in special issues was revised. Long-range actuarial estimates of the program as amended in 1960 show benefit costs very closely in balance with contribution income. Accordingly, the schedule of contribution rates contained in the law continues to reflect the intent that the program be self-supporting.

The more important changes, significant from an actuarial standpoint, are presented below:

1. Beginning with November 1960, disability insurance benefits were provided for workers under the age of 50 and for their dependents, on the same basis as benefits under previous law were provided for disabled workers aged 50 to 64 and for their dependents.

2. The fully insured status provisions (applicable to all types of monthly benefits) were liberalized so that, beginning in October 1960, to be fully insured a person needs 1 quarter of coverage for every 3 calendar quarters elapsing after 1950 (or after the year in which he attained age 21, if that is later) and before the year in which he reached the minimum retirement age, or died, or became disabled, whichever first occurred (but requiring not less than 6 nor more than 40 quarters of coverage). Under prior law, the requirement was 1 quarter of coverage for every 2 elapsed quarters before the quarter in which the first of those events occurred.

3. The retirement test was amended, effective for taxable years beginning after 1960, by eliminating the requirement for withholding a month's benefit for each \$80 of annual earnings above \$1,200 and providing instead for withholding \$1 in benefits for each \$2 of the first \$300 of earnings above \$1,200 and for withholding \$1 in benefits

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for each \$1 of earnings above \$1,500. There was no change in the provision which specifies that, regardless of the amount of annual earnings, no benefits will be withheld for any month in which the beneficiary neither earns wages of more than \$100 nor renders substantial services in self-employment or for any month in which the beneficiary is aged 72 or over.

4. The benefit of each child of a deceased worker was changed, beginning December 1960, to three-fourths of the primary insurance amount of the deceased worker (retaining the effect of the family maximum), rather than one-half of the primary insurance amount plus one-fourth of the primary insurance amount divided by the number of entitled children.

5. The basis for determining the interest rate on future trust fund investments in public-debt obligations (special issues) was changed. Under the new law, these investments will bear a rate of interest equal to the average market yield of all marketable Government obligations not due or callable for 4 or more years from the time when the special obligations are issued, the average yield being rounded to the nearest one-eighth of 1 percent. Under prior law, this rate of interest was related to the average coupon rate on all outstanding marketable obligations of the United States not due or callable for at least 5 years from the original issue date. Current cost estimates indicate that this change from average coupon rate to average market yield will increase somewhat the interest income to the trust funds over the long-range future. Also, the law was changed to allow the purchase of marketable securities only when such purchase would be in the public interest; prior law required that marketable securities always be purchased except when this would not be in the public interest, in which case special issues were to be purchased.

Table 1 presents an estimate of the effect, expressed as a level-premium percent of payroll, of the changes in the program in 1960.

TABLE 1.—Changes in estimated level-premium costs as percent of taxable payroll, by type of change, intermediate-cost estimate, high-employment assumptions

Item	Old-age and survivors insurance	Disability insurance
Benefit cost of program in effect before 1960 amendments <sup>1</sup> .....	8.38	0.35
<b>Effect of changes:</b>		
Liberalization of requirements for fully insured status.....	.02	-----
Liberalization of retirement test.....	.02	-----
Increase in child survivor benefits.....	.02	-----
Improved yield of trust fund investments.....	-.02	-----
Elimination of age-50 requirement for disability benefits.....	-----	.20
Other changes in disability program <sup>2</sup> .....	-----	.01
Benefit cost of program after enactment of 1960 amendments <sup>1</sup> .....	8.42	.56

<sup>1</sup> Taking into account (a) lower contribution rate payable by the self-employed compared with combined employer-employee rate, (b) interest on trust funds on hand as of Dec. 31, 1959, and (c) administrative expenses.

<sup>2</sup> Elimination of 2d waiting period for recurrence of disability within 5 years and liberalization of trial-work period.

#### NATURE OF THE TRUST FUNDS

The Federal old-age and survivors insurance trust fund was established on January 1, 1940, as a separate account in the U.S. Treasury to hold the amounts accumulated under the old-age and survivors insurance program. All the financial operations of the program through July 31, 1956, were handled through this fund. The Social

Security Amendments of 1956, which became law August 1, 1956, provided for the creation of the Federal disability insurance trust fund—a fund entirely separate from the old-age and survivors insurance trust fund—through which are handled all financial operations in connection with the system of monthly disability benefits payable to insured workers and to their dependents. The financial operations of the old-age, survivors, and disability insurance program which relate to the system of old-age and survivors insurance benefits continue to be handled through the old-age and survivors insurance trust fund.

The primary source of receipts of the two funds is amounts deposited in or appropriated to each of them under permanent appropriation on the basis of contributions paid by workers and their employers, and by individuals with self-employment income, in employment covered by the old-age, survivors, and disability insurance program. All employees and their employers in employment covered by the program are required to pay contributions with respect to the wages of individual workers. All covered self-employed persons are required to pay contributions with respect to their self-employment income. In general, beginning with calendar year 1959, an individual's contributions are computed on annual wages or self-employment income, or both wages and self-employment income combined, up to a maximum of \$4,800, with the contributions being determined first on the wages and then on any self-employment income necessary to make up the \$4,800.

Under the Internal Revenue Code, as amended, the contribution rate for employees and their employers of 2½ percent was increased to 3 percent each on January 1, 1960, and is scheduled to rise to 3½ percent each on January 1, 1963, to 4 percent each on January 1, 1966, and to 4½ percent each on January 1, 1969. The contribution rates on self-employment income are equal to 1½ times the corresponding employee rates. The Social Security Act, as amended in 1956, provides that beginning January 1, 1957, from the total contribution income based on these rates, contributions at the rate of one-fourth of 1 percent each for employees and employers, and three-eighths of 1 percent for the self-employed shall be allocated to the disability insurance trust fund.

Except for amounts received by the Secretary of the Treasury under State agreements (to effect coverage under the program for State and local government employees) and deposited directly in the trust funds, all contributions are collected by the Internal Revenue Service and are paid into the Treasury as internal revenue collections. However, sums equivalent to 100 percent of these taxes are transferred to the trust funds from time to time. Such transfers are first made on the basis of estimated tax receipts. The exact amount is not known since old-age, survivors, and disability insurance and income taxes withheld are not separately identified in tax-collection reports received by the Treasury Department from the district offices of the Internal Revenue Service. Periodic adjustments are subsequently made to the extent that the estimates are found to differ from the amounts of contributions actually payable on the basis of reported earnings.

An employee who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum can receive a refund of the taxes he paid on such

excess wages. The amount of taxes subject to refund for any period is a charge against each of the trust funds in the ratio in which the amount was appropriated to or deposited in such trust funds for that period.

The second source from which receipts of the trust funds are derived is interest received on investments held by the funds. The investment procedures of the funds are described later in this section.

The income and expenditures of the trust funds are also affected by Public Law 234, approved October 30, 1951, which amended the Railroad Retirement Act to provide a system of coordination and financial interchange between the railroad retirement and old-age and survivors insurance programs. Public Law 880, approved August 1, 1956, amended Public Law 234 to include financial interchanges between the railroad retirement and the disability insurance programs. A description of the legislative provisions governing the allocation of costs between the two programs appears in appendix II.

Under a decision of the Comptroller General of the United States (B-4906) dated October 11, 1951, receipts derived from the sale of miscellaneous supplies and reimbursable services are credited to and form a part of the trust funds, where the initial outlays therefor were paid from the trust funds. Formerly, these moneys were credited to the general fund of the Treasury as miscellaneous receipts.

Under Public Law 85-840 approved August 28, 1958, the Secretary of Health, Education, and Welfare is authorized to charge for providing certain services not directly related to the old-age, survivors, and disability insurance programs. The Bureau of Old-Age and Survivors Insurance has accumulated a unique body of information in the course of the administration of the program. Situations arise when it is in the public interest to utilize this information to perform certain services, such as forwarding letters for health research purposes to holders of social security account numbers, when such services can be performed without interfering unduly with the administration of the program. Such services could not properly be provided at the expense of the trust funds. Receipts derived from performance of these services are credited to and form a part of the trust funds.

Public Law 719, approved August 10, 1946, provided noncontributory survivor protection to certain veterans of World War II. The legislation provided, and the old-age and survivors insurance trust fund received, reimbursement from the general fund of the Treasury for the additional costs arising from these provisions. Under Public Law 734, approved August 28, 1950, these additional costs arising after August 31, 1950, were borne by the trust fund. Public Law 881, approved August 1, 1956, provides that the old-age and survivors insurance trust fund shall be reimbursed for all additional costs arising after August 31, 1950, from the 1946 provisions. Public Law 881 also provides that (1) the old-age and survivors insurance trust fund shall be reimbursed for all past and future additional expenditures resulting from the provisions that granted noncontributory \$160 monthly wage credits to persons who served in the Armed Forces from September 16, 1940, through December 31, 1956; and (2) the disability insurance trust fund shall be reimbursed for all additional expenditures after July 31, 1956, resulting from these provisions. Public Law 85-840 broadened the provisions of prior law dealing with noncontributory wage credits of \$160 for each month

of active military service for the United States to provide such credits for certain American citizens who served in the Armed Forces of our allies during World War II. As in the case of the other noncontributory credit for military service, the trust funds will be reimbursed for the additional costs arising from the new provisions. A summary of the legislative history of the financing of credit for military service appears in appendix II.

Expenditures for benefit payments and administrative expenses under the old-age, survivors, and disability insurance program are paid out of the trust funds. All expenses incurred by the Department of Health, Education, and Welfare and by the Treasury Department in carrying out the provision of title II of the Social Security Act, as amended, and of the Internal Revenue Code relating to the collection of insurance contributions, are charged to the trust funds. The Secretary of Health, Education, and Welfare certifies benefit payments to the managing trustee who makes the payments from the respective trust funds in accordance therewith.

Congress has authorized expenditures from the trust funds for construction of an office building and related facilities for the Bureau of Old-Age and Survivors Insurance.

The managing trustee invests that portion of each trust fund which, in his judgment, is not required to meet current expenditures for benefits and administration. The Social Security Act restricts permissible investments of the trust funds to interest-bearing obligations of the U.S. Government or to obligations guaranteed as to both principal and interest by the United States. Obligations of these types may be acquired on original issue at the issue price or by purchase of outstanding obligations at their market price. In addition, the Social Security Act authorizes the issuance of public-debt obligations for purchase by the trust funds. The law requires that such public-debt obligations shall have maturities fixed with due regard for the needs of the trust funds and shall bear interest at a rate equal to the average market yield (computed by the managing trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month; where such average market yield is not a multiple of one-eighth of 1 percent, the rate of interest on such special obligations is required to be the multiple of one-eighth of 1 percent nearest such market yield.

Interest on public issues held by the trust funds is received by the funds at the time the interest is paid on the particular issues held. Interest on public-debt obligations issued specifically for purchase by the trust funds is payable semiannually or at redemption.

Public issues acquired by the funds may be sold at any time by the managing trustee at their market price. Public-debt obligations issued for purchase by the trust funds may be redeemed at par plus accrued interest. Interest receipts and proceeds from the sale or redemption of obligations held in the trust funds are available for investment in the same manner as other receipts of the funds. Interest earned by the invested assets of the trust funds will provide income to meet a portion of future benefit disbursements. The role of

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interest in meeting future benefit payments is indicated in tables B and C.

In addition, the assets of the trust funds assure the continued payment of benefits without sharp changes in contribution rates during periods of short-run fluctuations in total income and expenditures.

SUMMARY OF THE OPERATIONS OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, FISCAL YEAR 1960

A statement of the income and disbursements of the Federal old-age and survivors insurance trust fund in the fiscal year which began on July 1, 1959, and ended on June 30, 1960, and of the assets of the fund at the beginning and end of the fiscal year, is presented in table 2.

The total assets of the old-age and survivors insurance trust fund amounted to \$21,541 million on June 30, 1959. These assets decreased to \$20,829 million by the end of the fiscal year 1960, as a result of an excess of disbursements over receipts amounting to \$713 million.

TABLE 2.—Statement of operations of the old-age and survivors insurance trust fund during the fiscal year 1960

Total assets of the trust fund, June 30, 1959.....		\$21,541,424,332.49
Receipts, fiscal year 1960:		
Tax contributions:		
Appropriations.....	\$9,271,868,378.13	
Deposits arising from State agree- ments.....	650,256,737.97	
Gross tax contributions.....	9,922,125,116.10	
Less payment into the Treasury for taxes subject to refund.....	79,440,000.00	
Net tax contributions.....		\$9,842,685,116.10
Interest and profit:		
On investments.....	516,406,210.21	
On administrative expenses reim- bursed by disability insurance trust fund.....	724,045.00	
Gross interest and profit.....	517,130,285.21	
Less interest on amounts transferred to railroad retirement account.....	17,337,000.00	
Net interest and profit.....		499,793,285.21
Total receipts.....		<u>10,342,478,401.31</u>
Disbursements, fiscal year 1960:		
Benefit payments.....		10,269,708,576.63
Transfers to railroad retirement account.....		583,100,000.00
Administrative expenses:		
Department of Health, Education, and Welfare.....	181,362,903.57	
Treasury Department.....	37,410,317.91	
Preparation and construction of build- ing for Bureau of Old-Age and Sur- vivors Insurance.....	12,525,583.59	
Gross administrative expenses....	231,298,805.07	
Less receipts from sale of surplus ma- terials, supplies, etc.....	147,822.63	
Less reimbursement for administrative expenses by disability insurance trust fund.....	26,387,515.00	
Less reimbursement for construction by disability insurance trust fund..	2,394,393.00	
Net administrative expenses.....		202,369,074.44
Total disbursements.....		<u>11,055,177,651.07</u>
Net addition to the trust fund.....		<u>-712,699,249.76</u>
Total assets of the trust fund, June 30, 1960.....		20,828,725,082.73

Net receipts of the trust fund during the fiscal year 1960 amounted to \$10,342 million. Of this total, \$9,272 million represented tax collections appropriated to the fund and \$650 million represented amounts received by the Secretary of the Treasury in accordance with State agreements for coverage of State and local government employees and deposited in the trust fund. However, \$79 million was transferred from the trust fund into the Treasury as repayment for the estimated amount of contributions subject to refund to employees who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum. Net contributions amounted to \$9,843 million and represented an increase of 30 percent over the amount for the preceding fiscal year. This large increase resulted chiefly from (1) the increase in the combined-employer-employee contribution rate for old-age and survivors benefits from 4 percent to 4½ percent that went into effect January 1, 1959, (2) the increase in the maximum amount of annual taxable earnings from \$4,200 to \$4,800 that also went into effect on January 1, 1959, and (3) the increase in the combined employer-employee rate from 4½ percent to 5½ percent that went into effect January 1, 1960. Although the first two changes became effective in 1959, fiscal year 1960 was the first full year during which they were operative. The remaining \$500 million of receipts consisted of net interest and profit on the investments of the fund.

Disbursements from the trust fund during the fiscal year 1960 totaled \$11,055 million. Of this total, \$10,270 million was for benefit payments, an increase of 13 percent over the corresponding amount paid in the fiscal year 1959. This increase resulted chiefly from (1) the expected growth in the number of beneficiaries as the program matures and (2) the fact that the higher benefit provisions of the 1958 amendments were effective during the entire fiscal year 1960 but during only part of fiscal year 1959.

Public Law 234, approved October 30, 1951, amended the Railroad Retirement Act to provide a new basis of coordinating the railroad retirement program with old-age and survivors insurance. A description of the legislative provisions governing the financial interchanges arising from the allocation of costs between the two systems is contained in appendix II. In accordance with these provisions, the Railroad Retirement Board and the Secretary of Health, Education, and Welfare determined that a transfer of the principal sum of \$274,600,000 to the railroad retirement account from the old-age and survivors insurance trust fund would place the old-age and survivors insurance trust fund in the same position as of June 30, 1958, as it would have been if railroad employment had always been covered under the Social Security Act. This sum together with interest thereon for fiscal year 1959, amounting to \$7,448,000, was transferred to the railroad retirement account in July 1959. Similarly, the determination made as of June 30, 1959, showed that a transfer of the principal sum of \$308,500,000 to the railroad retirement account from the trust fund was necessary. This amount together with interest thereon for fiscal year 1960 totaling \$9,889,000 was transferred to the railroad retirement account in June 1960. The amount of \$583,100,000 for fiscal year 1960 (table 2) is the total of the principal sums of \$274,600,000 and \$308,500,000.

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Net administrative expenses charged to the fund totaled \$202 million and represented 2.1 percent of contribution income and 2.0 percent of benefit payments during fiscal year 1960. Corresponding figures for each of the last 10 fiscal years are shown in table 3.

TABLE 3.—*Relationship of net administrative expenses<sup>1</sup> to contribution income and benefit payments, old-age and survivors insurance trust fund, fiscal years 1951-60*

Fiscal year	Administrative expenses as a percentage of—		Fiscal year	Administrative expenses as a percentage of—	
	Contribution income	Benefit payments		Contribution income	Benefit payments
1951.....	2.3	4.7	1956.....	1.9	2.3
1952.....	2.4	4.3	1957.....	2.3	2.3
1953.....	2.2	3.4	1958.....	2.3	2.1
1954.....	1.9	2.7	1959.....	2.7	2.3
1955.....	2.0	2.4	1960.....	2.1	2.0

<sup>1</sup> Include administrative expenses, less receipts from sale of surplus materials, services, etc. For fiscal years 1954-60, include cost of construction of an office building for the Bureau of Old-Age and Survivors Insurance. Beginning fiscal year 1957, expenses incurred by the Department of Health, Education, and Welfare under the disability insurance program are initially charged to the old-age and survivors insurance trust fund. Reimbursements are then made from the disability insurance trust fund in the following fiscal year.

TABLE 4.—*Estimated distribution of benefit payments from the old-age and survivors insurance trust fund, by type of benefit, fiscal years 1959 and 1960*

[Amounts in millions]

Type of benefit	1959		1960	
	Amount	Percent of total	Amount	Percent of total
Total <sup>1</sup> .....	\$9,049.1	100	\$10,269.7	100
Monthly benefits <sup>1</sup> .....	8,899.5	98	10,103.9	98
Old-age (retired workers).....	6,041.4	67	6,803.5	66
Wife's or husband's (aged wives or dependent husbands of old-age beneficiaries or their young wives if caring for child beneficiary).....	913.4	10	1,020.0	10
Widow's or dependent widower's (aged widows or aged dependent widowers of workers).....	833.4	9	990.7	10
Parent's (aged dependent parents of deceased workers).....	22.3	(?)	27.1	(?)
Child's (children, under age 18 or disabled, of old-age beneficiaries).....	65.6	1	85.3	1
Child's (children, under age 18 or disabled, of deceased workers).....	781.8	9	903.1	9
Mother's (widows or dependent divorced wives of deceased workers caring for child beneficiaries).....	241.6	3	274.2	3
Lump-sum death payments.....	149.6	2	165.8	2

<sup>1</sup> Totals do not necessarily equal the sum of rounded components.

<sup>2</sup> Less than 0.5 percent.

The distribution of benefit payments in fiscal years 1959 and 1960, by type of benefit, is shown in table 4. Approximately 86 percent of the total benefit payments from the old-age and survivors insurance trust fund in the fiscal year 1960 was accounted for by monthly benefits to aged persons—retired workers and their wives (including a relatively small number of wives under age 62) or dependent husbands, and aged widows, dependent widowers, and dependent parents of deceased workers. Approximately 12 percent of the benefit payments represented monthly benefits on behalf of children of deceased or retired workers and to mothers—practically all of them under age 65—who had children of deceased workers in their care. The balance of the benefits paid consisted of lump-sum death payments.

On June 30, 1960, about 14.3 million persons in some 10.5 million families were receiving monthly benefits under the old-age, survivors, and disability insurance program (table 5). Average monthly family benefits on that date showed moderate increases over the corresponding averages a year earlier. The higher averages reflected in part the greater proportion of benefits computed on the basis of earnings after 1950. Another factor increasing the average payments was the growth in the proportion of beneficiaries whose benefits were computed under the provision that permits up to 5 years of lowest earnings to be excluded in calculating the average monthly wage.

The assets of the old-age and survivors insurance trust fund at the end of fiscal year 1960 totaled \$20,829 million, consisting of \$19,749 million in the form of obligations of the U.S. Government, and \$1,080 million in undisbursed balances. Table 6 shows a comparison of the total assets of the fund and their distribution at the end of the fiscal years 1959 and 1960.

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TABLE 5.—Estimated number of families and beneficiaries receiving benefits under the old-age, survivors, and disability insurance program, and average family amount, by family group, end of fiscal years 1959 and 1960

Family classification of beneficiaries receiving benefits	June 30, 1959			June 30, 1960		
	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family
	Thousands	Thousands		Thousands	Thousands	
Total <sup>1</sup> .....	9,727.8	13,181.4		10,536.4	14,261.8	
Retired-worker families <sup>1</sup> .....	7,295.6	9,636.6		7,813.0	10,296.6	
Worker only.....	5,149.6	5,149.6	\$68.20	5,539.3	5,539.3	\$69.50
Male.....	2,696.5	2,696.5	77.20	2,843.8	2,843.8	79.20
Female.....	2,453.1	2,453.1	58.30	2,695.5	2,695.5	59.30
Worker and aged wife.....	1,981.1	3,982.2	129.70	2,084.4	4,168.8	123.40
Worker and young wife <sup>2</sup> .....	.7	1.4	115.70	.8	1.6	118.80
Worker and aged dependent husband.....	14.6	29.2	103.10	14.4	28.8	105.50
Worker and 1 or more children.....	37.5	87.4	118.30	50.2	114.5	120.10
Worker, wife aged 65 or over, and 1 or more children.....	11.7	36.0	155.70	14.2	43.4	159.40
Worker, young wife, and 1 or more children.....	100.2	370.2	148.10	109.5	399.6	153.90
Worker, husband, and 1 or more children.....	.2	.6	123.10	.2	.6	126.00
Survivor families <sup>1</sup> .....	2,157.0	3,183.5		2,352.6	3,443.7	
Aged widow.....	1,311.0	1,311.0	56.20	1,456.0	1,456.0	57.20
Aged widow and 1 or more children.....	9.1	18.7	110.00	13.2	27.2	112.90
Aged widow and 1 or 2 aged dependent parents.....	.1	.2	129.10	.2	.4	130.90
Aged dependent widower.....	1.8	1.8	52.90	2.0	2.0	53.50
Widower and 1 or more children.....	( <sup>3</sup> )	( <sup>3</sup> )	92.40	( <sup>3</sup> )	1.1	93.60
Widowed mother <sup>2</sup> .....	1.1	1.1	54.90	1.0	1.0	56.00
Widowed mother and 1 child.....	154.8	309.6	128.30	164.6	329.2	131.30
Widowed mother and 2 children.....	105.9	317.7	168.60	109.6	328.8	173.00
Widowed mother and 3 or more children.....	104.2	499.2	176.00	111.8	537.3	181.20
Widowed mother, 1 or more children, and 1 or 2 aged dependent parents.....	.2	.8	217.10	.5	2.0	221.30
Divorced wife and 1 or more children.....	.3	.8	165.70	.3	.9	167.50
1 child only.....	274.4	274.4	56.30	288.8	288.8	57.70
2 children.....	106.2	212.4	99.80	113.1	226.2	102.70
3 children.....	35.7	107.1	127.60	36.5	109.5	131.30
4 or more children.....	21.5	96.0	145.70	21.9	98.5	150.50
1 or more children and 1 or 2 aged dependent parents.....	.4	.8	135.90	.9	2.0	138.80
1 aged dependent parent.....	28.6	28.6	58.70	30.5	30.5	60.40
2 aged dependent parents.....	1.7	3.4	103.40	1.7	3.4	106.20
Disabled-worker families <sup>1</sup> .....	275.2	361.2		370.8	521.6	
Worker only.....	235.7	235.7	87.90	298.2	298.2	88.20
Male.....	179.0	179.0	91.70	220.8	220.8	92.30
Female.....	56.7	56.7	75.90	77.4	77.4	76.40
Worker and aged wife.....	12.9	25.8	135.30	19.7	39.4	136.30
Worker and young wife <sup>2</sup> .....	.2	.4	132.60	.3	.6	133.30
Worker and aged dependent husband.....	.1	.2	116.10	.2	.4	117.40
Worker and 1 or more children.....	6.2	15.5	153.00	16.3	39.9	154.60
Worker, wife aged 65 or over, and 1 or more children.....	( <sup>3</sup> )	.1	202.60	.1	.3	204.80
Worker, young wife, and 1 or more children.....	20.0	83.5	184.90	36.0	142.7	186.10

<sup>1</sup> Totals do not necessarily equal the sum of rounded components.

<sup>2</sup> Benefits of children were being withheld.

<sup>3</sup> Less than 50.

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TABLE 6.—Assets of the old-age and survivors insurance trust fund, by type, at end of fiscal years 1959 and 1960

	June 30, 1959		June 30, 1960	
	Par value	Book value <sup>1</sup>	Par value	Book value <sup>1</sup>
<b>Investments:</b>				
<b>Public issues:</b>				
Treasury bills, January 15, 1961—			\$23,550,000	\$22,935,960.98
Treasury notes:				
2½-percent, series A, 1963	\$30,000,000	\$30,000,000.00	30,000,000	30,000,000.00
3½-percent, series A, 1960	47,500,000	47,405,203.22		
3-percent, series A, 1962	176,000,000	175,958,906.67	176,000,000	175,974,813.47
3½-percent, series C, 1962	20,000,000	20,000,000.00	20,000,000	20,000,000.00
4-percent, series A, 1961	119,100,000	119,101,441.29	119,100,000	119,100,749.49
4-percent, series B, 1962	15,000,000	15,000,000.00		
4-percent, series B, 1963	25,000,000	25,000,000.00	25,000,000	25,000,000.00
4½-percent, series A, 1965			47,500,000	47,500,000.00
4½-percent, series C, 1963			15,000,000	15,000,000.00
5-percent, series B, 1964			25,000,000	25,000,000.00
Treasury bonds:				
2¼-percent, 1959-62	4,205,000	4,205,585.40	4,205,000	4,205,000.00
2¼-percent, 1961	10,450,000	9,960,343.75		
2½-percent, 1962-67	58,650,000	58,703,600.75	58,650,000	58,685,223.33
2½-percent, 1963	4,500,000	4,155,625.00	4,500,000	4,239,961.72
2½-percent, 1963-68	116,480,000	116,564,321.35	116,480,000	116,545,229.71
2½-percent, 1964-69	104,004,000	102,842,360.04	104,004,000	103,067,631.60
2½-percent, 1965-70	456,747,500	456,857,225.84	456,747,500	456,837,862.40
2½-percent, 1966-71	308,077,500	307,945,931.30	308,077,500	307,965,666.50
2½-percent, 1967-72	164,593,250	163,720,703.36	163,378,250	179,126,859.40
2½-percent, 1965	225,400,000	224,165,703.13	225,400,000	224,386,771.21
2½-percent, 1961	2,000,000	1,907,187.50	2,000,000	1,950,024.02
2½-percent, investment series B, 1975-80	1,064,902,000	1,065,883,329.48	1,064,902,000	1,065,764,380.44
3-percent, 1966	25,000,000	25,000,000.00	25,000,000	25,000,000.00
3-percent, 1965	85,170,000	85,125,776.37	85,170,000	85,127,019.21
3½-percent, 1978-83	45,100,000	44,910,656.26	45,100,000	44,920,665.58
3½-percent, 1960	63,850,000	63,393,620.77	63,850,000	63,408,543.25
3½-percent, 1968			10,450,000	10,170,196.39
3½-percent, 1974	25,000,000	25,000,000.00	25,000,000	25,000,000.00
4-percent, 1969	36,500,000	36,500,000.00	36,500,000	36,500,000.00
4-percent, 1960	18,000,000	17,833,057.82	18,000,000	17,841,168.38
4½-percent, 1975-85			25,000,000	25,000,000.00
Total public issues	3,251,229,250	3,247,140,578.90	3,343,564,250	3,336,253,727.08
Accrued interest purchased		62,307.98		
Total investments in public issues	3,251,229,250	3,247,192,886.88	3,343,564,250	3,336,253,727.08
Public-debt obligations (special issues): <sup>2</sup>				
Certificates of indebtedness:				
2½-percent, 1960	400,237,000	400,237,000.00		
2½-percent, 1961			270,000,000	270,000,000.00
Notes:				
2½-percent, 1960	965,000,000	965,000,000.00		
2½-percent, 1961	965,000,000	965,000,000.00	325,660,000	325,660,000.00
2½-percent, 1962	965,000,000	965,000,000.00	965,000,000	965,000,000.00
2½-percent, 1963	465,000,000	465,000,000.00	465,000,000	465,000,000.00
2½-percent, 1961	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1962	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1963	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1964	168,000,000	168,000,000.00	168,000,000	168,000,000.00
Bonds:				
2½-percent, 1963	500,000,000	500,000,000.00	500,000,000	500,000,000.00
2½-percent, 1964	965,000,000	965,000,000.00	965,000,000	965,000,000.00
2½-percent, 1965	965,000,000	965,000,000.00	965,000,000	965,000,000.00
2½-percent, 1966	965,000,000	965,000,000.00	965,000,000	965,000,000.00
2½-percent, 1967	965,000,000	965,000,000.00	965,000,000	965,000,000.00
2½-percent, 1968	465,000,000	465,000,000.00	465,000,000	465,000,000.00
2½-percent, 1965	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1966	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1967	168,000,000	168,000,000.00	168,000,000	168,000,000.00
2½-percent, 1968	668,000,000	668,000,000.00	668,000,000	668,000,000.00
2½-percent, 1969	1,133,000,000	1,133,000,000.00	1,133,000,000	1,133,000,000.00
2½-percent, 1970	1,133,000,000	1,133,000,000.00	1,133,000,000	1,133,000,000.00
2½-percent, 1971	1,133,000,000	1,133,000,000.00	1,133,000,000	1,133,000,000.00
2½-percent, 1972	1,133,000,000	1,133,000,000.00	1,133,000,000	1,133,000,000.00
2½-percent, 1973	1,133,000,000	1,133,000,000.00	1,133,000,000	1,133,000,000.00
2½-percent, 1974	1,133,000,000	1,133,000,000.00	1,133,000,000	1,133,000,000.00
2½-percent, 1975			919,934,000	919,934,000.00
Total public-debt obligations	17,227,237,000	17,227,237,000.00	16,412,594,000	16,412,594,000.00
Total investments	20,478,466,250	20,474,429,886.88	19,756,158,250	19,748,847,727.08
Undisbursed balances		1,066,994,445.61		1,079,877,355.65
Total assets		21,541,424,332.49		20,828,725,082.73

<sup>1</sup> Par value plus unamortized premium less discount outstanding.

<sup>2</sup> All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

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The net decrease in the par value of the investments owned by the fund during the fiscal year 1960 amounted to \$722 million. New securities at a total par value of \$10,702 million were acquired during the fiscal year through the investment of receipts, the reinvestment of funds made available from the maturity of securities, and the exchange of securities. The par value of securities redeemed or exchanged during the fiscal year was \$11,425 million. A summary of transactions for the fiscal year, by type of security, is presented in table 7.

The 1956 amendments provided that the public-debt obligations issued for purchase by the old-age and survivors insurance and the disability insurance trust funds shall have maturities fixed with due regard for the needs of the funds. Under this provision, the maturities of the public-debt obligations issued for purchase by the funds have been lengthened gradually over a period of several years. On June 30, 1960, the special issues held by the old-age and survivors insurance trust fund were distributed in equal amounts of \$1,133 million among maturities ranging from 2 to 14 years and in smaller amounts maturing at the end of the 1st and 15th years (table 6).

TABLE 7.—Statement of transactions in public debt securities for the old-age and survivors insurance trust fund during the fiscal year 1960

[All amounts represent par values]

	Acquisitions	Dispositions
<b>Public issues:</b>		
Treasury bills, Jan. 15, 1961.....	\$23,550,000	0
Treasury notes:		
3½-percent, series A, 1960.....	0	\$47,500,000
4-percent, series B, 1962.....	0	15,000,000
4½-percent, series A, 1965.....	47,500,000	0
4¼-percent, series C, 1963.....	15,000,000	0
5-percent, series B, 1964.....	25,000,000	0
Treasury bonds:		
2½-percent, 1961.....	0	10,450,000
2½-percent, 1967-72.....	18,785,000	0
3½-percent, 1968.....	10,450,000	0
4¼-percent, 1975-85.....	25,000,000	0
Total public issues.....	165,285,000	72,950,000
<b>Public-debt obligations (special issues):<sup>1</sup></b>		
Certificates of indebtedness:		
2½-percent, 1960.....	9,347,004,000	9,747,241,000
2½-percent, 1961.....	270,000,000	0
Notes:		
2½-percent, 1960.....	0	965,000,000
2½-percent, 1961.....	0	639,340,000
Bonds: 2½-percent, 1975.....	919,934,000	0
Total public-debt obligations.....	10,536,938,000	11,351,581,000
Total transactions.....	10,702,223,000	11,424,531,000

<sup>1</sup>All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

SUMMARY OF THE OPERATIONS OF THE FEDERAL DISABILITY INSURANCE TRUST FUND, FISCAL YEAR 1960

A statement of the income and disbursements of the Federal disability insurance trust fund for fiscal year 1960 and of the assets of the fund at the beginning and end of the fiscal year is presented in table 8.

The total assets of the disability insurance trust fund amounted to \$1,667 million on June 30, 1959. These assets increased to \$2,167 million by the end of the fiscal year 1960 as a result of an excess of receipts over disbursements amounting to \$501 million.

Net receipts of the fund amounted to \$1,061 million. Of this total, \$939 million represented tax collections appropriated to the fund, and

\$58 million represented amounts received by the Secretary of the Treasury in accordance with State coverage agreements and deposited in the fund. However, \$10 million was transferred from the trust fund into the Treasury as repayment for the estimated amount of contributions subject to refund to employees who worked for more than one employer during the course of a year and paid contributions on wages in excess of the statutory maximum. An additional \$48 million of receipts consisted of net interest and profit on the investments of the fund.

TABLE 8.—Statement of operations of the disability insurance trust fund during the fiscal year 1960

Total assets of the trust fund, June 30, 1959.....		\$1,666,620,511.97
Receipts, fiscal year 1960:		
Tax contributions:		
Appropriations.....	\$938,681,781.48	
Deposits arising from State agreements...	68,146,727.48	
Gross tax contributions.....	996,828,508.96	
Less payment into the Treasury for taxes subject to refund.....	9,750,000.00	
Net tax contributions.....		\$987,078,508.96
Interest and profit:		
On investments.....	\$47,634,535.99	
On amounts transferred from railroad retirement account.....	731,000.00	
Gross interest and profit.....	48,365,535.99	
Less interest on amounts transferred to old-age and survivors insurance trust fund for reimbursed administrative expenses.....	724,045.00	
Net interest and profit.....		47,641,490.99
Transfers from railroad retirement account.....		26,100,000.00
Total receipts.....		<u>1,060,819,999.95</u>
Disbursements, fiscal year 1960:		
Benefit payments.....		528,303,887.13
Administrative expenses:		
Reimbursement to the old-age and survivors insurance trust fund:		
For administrative expenses of the Department of Health, Education, and Welfare.....	\$26,387,515.00	
For construction of building for the Bureau of Old-Age and Survivors Insurance.....	2,394,393.00	
Treasury Department.....	3,140,241.95	
Total administrative expenses.....		31,922,149.95
Total disbursements.....		<u>560,226,037.08</u>
Net addition to the trust fund.....		500,593,962.87
Total assets of the trust fund, June 30, 1960.....		<u>2,167,214,474.84</u>

Public Law 880, approved August 1, 1956, provided for financial interchanges between the railroad retirement account and the disability insurance trust fund similar to those described in the preceding chapter relating to the old-age and survivors insurance trust fund. Upon completion of the first determination it was established that, as of June 30, 1958, a transfer of the principal sum of \$21,400,000 from the railroad retirement account to the disability insurance trust fund was necessary. This amount together with interest thereon for fiscal year 1959, totaling \$580,000, was transferred to the trust fund in July 1959. Similarly, the determination made as of June 30, 1959, required that a transfer of the principal sum of \$4,700,000 to the disability insurance trust fund from the railroad retirement account was required. This amount together with interest thereon for fiscal year 1960 of \$151,000 was transferred to the disability insurance trust

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fund in June 1960. The amount of \$26,100,000 for fiscal year 1960 (table 8) is the total of the two principal sums of \$21,400,000 and \$4,700,000.

Disbursements from the fund during the fiscal year 1960 totaled \$560 million. Of this total, \$528 million was for benefit payments, an increase of 56 percent over the corresponding amount paid in the fiscal year 1959. This increase was due chiefly to (1) the expected increase in the number of disability insurance beneficiaries as the program matures and (2) the substantial changes made in the disability insurance program by the 1958 amendments which were in effect for the entire fiscal year 1960 but during only a part of the fiscal year 1959. The remaining \$32 million of disbursements was for administrative expenses.

At the end of fiscal year 1960, some 522,000 persons in 371,000 families were receiving monthly benefits payable from the disability insurance trust fund (table 5). The distribution of benefit payments in fiscal years 1959 and 1960, by type of benefit, is shown in table 9.

The assets of this fund at the end of fiscal year 1960 totaled \$2,167 million, consisting of \$2,101 million in the form of obligations of the U.S. Government, and \$66 million in undisbursed balances. Table 10 shows a comparison of the total assets of the fund and their distribution at the end of the fiscal years 1959 and 1960.

The net increase in the par value of the investments owned by the fund during the fiscal year amounted to \$494 million. New securities at a total par value of \$1,619 million were acquired during the fiscal year through the investment of receipts of the fund, the reinvestment of funds made available from the maturity of securities, and the exchange of securities. The par value of securities redeemed or exchanged during the year was \$1,125 million. A summary of transactions for the fiscal year, by type of security, is presented in table 11.

As indicated in the preceding section of this report, the maturity dates of the special issues held by the trust funds have been gradually lengthened over a period of several years. On June 30, 1960, these holdings of the disability insurance trust fund were distributed in equal amounts of about \$132.9 million among maturities ranging from 2 to 15 years and in the amount of \$156.9 million maturing at the end of the first year.

TABLE 9.—Estimated distribution of benefit payments from the disability insurance trust fund, by type of benefit, fiscal years 1959 and 1960

[Amounts in millions]

Type of benefit	1959		1960	
	Amount	Percent of total	Amount	Percent of total
Total <sup>1 2</sup> .....	\$339.2	100	\$528.3	100
Disability (disabled worker).....	311.1	92	450.1	85
Wife's or husband's (aged wives or dependent husbands of disability beneficiaries or their young wives if caring for child beneficiary).....	12.3	4	32.8	6
Child's (children, under age 18 or disabled, of disability beneficiary).....	15.8	5	45.4	9

<sup>1</sup> Benefits to disabled workers aged 50 to 64 began July 1957, and benefits to their dependents began September 1958. However, disbursements from the trust fund were first made to these 2 classes of beneficiaries in August 1957, and October 1958, respectively.

<sup>2</sup> Totals do not necessarily equal the sum of rounded components.

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TABLE 10.—Assets of the disability insurance trust fund, by type, at end of fiscal years 1959 and 1960

	June 30, 1959		June 30, 1960	
	Par value	Book value <sup>1</sup>	Par value	Book value <sup>1</sup>
<b>Investments:</b>				
Public issues:				
Treasury notes:				
2½-percent, series A, 1963	\$10,000,000	\$10,000,000.00	\$10,000,000	\$10,000,000.00
3¼-percent, series C, 1962	7,000,000	7,000,000.00	7,000,000	7,000,000.00
4-percent, series B, 1962	5,000,000	5,000,000.00		
4-percent, series B, 1963	5,000,000	5,000,000.00	5,000,000	5,000,000.00
4¾-percent, series C, 1963			5,000,000	5,000,000.00
5-percent, series B, 1964			5,000,000	5,000,000.00
Treasury bonds:				
2½-percent, 1965	18,250,000	18,042,968.75	18,250,000	18,080,048.99
3-percent, 1966	10,000,000	10,000,000.00	10,000,000	10,000,000.00
3½-percent, 1960	1,500,000	1,374,062.50	1,500,000	1,378,180.30
3¾-percent, 1974	5,000,000	5,000,000.00	5,000,000	5,000,000.00
4-percent, 1969	10,000,000	10,000,000.00	10,000,000	10,000,000.00
4-percent, 1980	2,000,000	1,993,828.13	2,000,000	1,994,128.01
4¼-percent, 1975-80			5,000,000	5,000,000.00
Total public issues	73,750,000	73,410,859.38	83,750,000	83,452,357.30
Accrued interest purchased		13,040.43		
Total investments in public issues	73,750,000	73,423,899.81	83,750,000	83,452,357.30
Public-debt obligations (special issues): <sup>2</sup>				
Certificates of indebtedness:				
2½-percent, 1960	88,950,000	88,950,000.00		
2½-percent, 1961			56,394,000	56,394,000.00
Notes:				
2½-percent, 1960	37,500,000	37,500,000.00		
2½-percent, 1961	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1962	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1963	30,000,000	30,000,000.00	30,000,000	30,000,000.00
2½-percent, 1961	63,000,000	63,000,000.00	63,000,000	63,000,000.00
2½-percent, 1962	63,000,000	63,000,000.00	95,394,000	95,394,000.00
2½-percent, 1963	63,000,000	63,000,000.00	95,394,000	95,394,000.00
2½-percent, 1964	63,000,000	63,000,000.00	95,394,000	95,394,000.00
2½-percent, 1965			32,394,000	32,394,000.00
Bonds:				
2½-percent, 1963	7,500,000	7,500,000.00	7,500,000	7,500,000.00
2½-percent, 1964	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1965	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1966	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1967	37,500,000	37,500,000.00	37,500,000	37,500,000.00
2½-percent, 1968	30,000,000	30,000,000.00	30,000,000	30,000,000.00
2½-percent, 1965	63,000,000	63,000,000.00	63,000,000	63,000,000.00
2½-percent, 1966	63,000,000	63,000,000.00	95,394,000	95,394,000.00
2½-percent, 1967	63,000,000	63,000,000.00	95,394,000	95,394,000.00
2½-percent, 1968	70,500,000	70,500,000.00	102,894,000	102,894,000.00
2½-percent, 1969	100,500,000	100,500,000.00	132,894,000	132,894,000.00
2½-percent, 1970	100,500,000	100,500,000.00	132,894,000	132,894,000.00
2½-percent, 1971	100,500,000	100,500,000.00	132,894,000	132,894,000.00
2½-percent, 1972	100,500,000	100,500,000.00	132,894,000	132,894,000.00
2½-percent, 1973	100,500,000	100,500,000.00	132,894,000	132,894,000.00
2½-percent, 1974	100,500,000	100,500,000.00	132,894,000	132,894,000.00
2½-percent, 1975			132,894,000	132,894,000.00
Total public-debt obligations	1,533,450,000	1,533,450,000.00	2,017,410,000	2,017,410,000.00
Total investments	1,607,200,000	1,606,873,899.81	2,101,160,000	2,100,862,357.30
Undisbursed balances		59,746,612.16		66,352,117.54
Total assets		1,666,620,511.97		2,167,214,474.84

<sup>1</sup> Par value plus unamortized premium less discount outstanding.

<sup>2</sup> All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

18 THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

TABLE 11.—Statement of transactions in public-debt securities for the disability insurance trust fund during the fiscal year 1960

[All amounts represent par values]

	Acquisitions	Dispositions
Public issues:		
Treasury notes:		
4-percent, series B, 1962.....	0	\$5,000,000
4½-percent, series C, 1963.....	\$5,000,000	0
5-percent, series B, 1964.....	5,000,000	0
Treasury bonds: 4¼-percent, 1975-85.....	5,000,000	0
Total public issues.....	15,000,000	5,000,000
Public-debt obligations (special issues): <sup>1</sup>		
Certificates of indebtedness:		
2½-percent, 1960.....	993,544,000	1,082,494,000
2½-percent, 1961.....	56,394,000	0
Notes:		
2¼-percent, 1960.....	0	37,500,000
2¼-percent, 1962.....	32,394,000	0
2¼-percent, 1963.....	32,394,000	0
2¼-percent, 1964.....	32,394,000	0
2¼-percent, 1965.....	32,394,000	0
Bonds:		
2½-percent, 1966.....	32,394,000	0
2½-percent, 1967.....	32,394,000	0
2½-percent, 1968.....	32,394,000	0
2½-percent, 1969.....	32,394,000	0
2½-percent, 1970.....	32,394,000	0
2½-percent, 1971.....	32,394,000	0
2½-percent, 1972.....	32,394,000	0
2½-percent, 1973.....	32,394,000	0
2½-percent, 1974.....	32,394,000	0
2½-percent, 1975.....	132,894,000	0
Total public-debt obligations.....	1,603,954,000	1,119,994,000
Total transactions.....	1,618,954,000	1,124,994,000

<sup>1</sup> All special issues—certificates, notes, and bonds—mature June 30 of the year shown.

EXPECTED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD JULY 1, 1960, TO DECEMBER 31, 1965

In the following statement of the expected operations and status of the trust funds during the period July 1, 1960, to December 31, 1965, it is assumed that present statutory provisions affecting the old-age, survivors, and disability insurance program remain unchanged throughout the period under consideration. The income and disbursements of the program, however, are affected by general economic conditions as well as by legislative provisions. Because it is difficult to foresee economic developments, the assumptions and the resulting estimates here presented are subject to some uncertainty. This statement of the expected operations of the trust funds should therefore be read with full recognition of the difficulties of estimating future trust fund income and disbursements under changing economic conditions.

Estimates are presented in table 12 to show the expected operations of the old-age and survivors insurance trust fund in fiscal years 1961-65. They are based on the assumption that the current adjustment in the economy is followed by a pickup in business activity, beginning in 1961, with a steady increase in employment and earnings through 1965. Figures on actual experience in earlier fiscal years are also presented. The increase in estimated income from contributions in fiscal years 1961-65 reflects the assumed uptrend in the levels of employment and earnings as well as the effect of the scheduled increase in contribution rates on January 1, 1963. Benefit disburse-